

March 5, 2015

Statement of Frank J. Chesky III of A1 Games, Inc. (dba CT Bingo Supply) Regarding S.B. No. 975 – An Act Making Minor and Technical Changes to Department of Consumer Protection Statutes.

Senator Leone, Representative Baram and distinguished members of the General Law Committee, my name is Frank Chesky, and I thank you for the opportunity to provide testimony today in opposition to portions of Senate Bill No. 075, which, among other things, makes a significant and material change to Connecticut's existing charitable games law regarding sealed tickets. Make no mistake, the changes proposed to the sealed ticket law are neither "minor" nor "technical" as suggested by the title of the proposed Bill.

I am the co-owner of A1 Games, Inc. (dba CT Bingo Supply), a licensed distributor of Bingo supplies, sealed tickets and related equipment in Connecticut. My father started the business in Bristol over 25 years ago, and we have grown to serve many of Connecticut's non-profit organizations. Our customers are the State's churches, synagogues, veterans' and legion organizations and fraternal clubs, such as the VFW, the American Legion, the Elks, and the Knights of Columbus.

I have serious concerns over portions of the proposed Bill that would make a significant detrimental change to the current sealed ticket charitable games law. Sealed tickets (or pull-tab tickets) are resold by non-profits to consumers as a means of fundraising, and are essentially like paper slot machines whereby the player tears off a tab on the ticket revealing a set of symbols (cherries, bells, etc.), and if the combinations matches the prize awarded for that combination, the player wins a cash prize. In April 2012, the State turned over the responsibility for the sale of sealed tickets to private distributors licensed by the DCP. The law requires, among other things, that licensed distributors of sealed tickets maintain a bona fide office in Connecticut that is subject to inspection by the DCP during business hours.

Section 1 of the proposed Bill seeks to strip away the in-state office requirement of Section 7-169h(d) of the general statutes. Since the law was passed in 2012, the DCP has wrongfully refused to enforce this requirement, even improperly granting a license to at least one out-of-state company that does not maintain a bona fide office in Connecticut. Instead, the DCP approved this company's unmanned storage locker in Somers, Connecticut as an office. If passed, S.B. No. 975 would do away completely with the in-state office requirement thereby allowing any out-of-state company to take business away from Connecticut companies, depriving the State of much-needed state corporate income tax, and creating no Connecticut jobs. This hurts Connecticut and it hurts Connecticut businesses that play by the rules.

In addition, we have known for some time that some non-profits are buying tickets illegally from unlicensed, out-of-state companies with no enforcement of the existing law by the DCP resulting in no taxes being paid to the State and no Connecticut jobs being created. The purpose of existing in-state licensure requirements is to facilitate enforcement and regulatory oversight in a climate in which the State has limited resources. Yet the DCP now wants to relax its oversight responsibilities even more by loosening the licensing requirements, and quite obviously not enforcing the current law as written. This perpetrates fraud, harms licensed distributors playing by the rules, and hurts Connecticut's economy.

I ask that you amend the proposed Bill by deleting Section 1 in its entirety with no change made to the current law, and hopefully the DCP will finally start enforcing the law as written. I again thank you for the opportunity to provide my testimony today.

RAISED SENATE BILL NO. 975 – PROPOSED AMENDMENT LANGUAGE

AN ACT MAKING MINOR AND TECHNICAL CHANGES TO DEPARTMENT OF CONSUMER PROTECTION STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

[Section 1. Subsection (d) of section 7-169h of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2015*):

(d) A distributor shall not purchase sealed tickets for sale or use [in this state] from any person except a manufacturer. A distributor shall have a physical office in this state and such office shall be subject to inspection by the commissioner or the commissioner's duly designated agent during normal business hours. No organization or group or any person affiliated with an organization or group permitted to sell sealed tickets under this section shall be permitted to be a distributor.]